



Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: April 17, 2007
To: Council Member Lisa Goodman, Community Development Comm.
Referral to: Council Member Paul Ostrow, Ways & Means Committee
Subject: LISC partnership funding for Central Avenue commercial corridor business district support

Recommendation: 1) Amend the 2007 General Appropriation Resolution by increasing the Community Planning and Economic Development agency Fund SPH0 – Community Development Fund (SPH0-890-8933) appropriation by \$50,000 from available fund balance. 2) Authorize appropriate staff to negotiate and execute a contract for professional services by and between the City of Minneapolis and the Local Initiatives Support Corporation (LISC) to provide business district support services on Central Avenue for a term effective May 1, 2007 and continuing until the 31st day of April 2009.

Previous Directives: 1) From 2000 to 2005, the City engaged in a partnership with the Local Initiatives Support Corporation (LISC) to provide technical and financial assistance to the NE Community Development Corporation (NECDC) for business district support activities following LISC's commercial corridor revitalization program (Council actions on April 7, 2000; September 14, 2001; January 31, 2003; April 30, 2004 and April 29, 2005). 2) On May 16, 2006, the City Council approved a contract for services with NECDC, matched equally by LISC, for retail recruitment for Central Avenue.

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Approved by:
Charles T. Lutz, Deputy Director CPED

Mike Christenson, Dir. Economic Policy & Development

Presenter in Committee: Kristin Guild

Financial Impact

- ☐ No financial impact
☒ Action requires an appropriation increase to the Capital Budget _____ or Operating Budget ☒
☐ Action provides increased revenue for appropriation increase
☐ Action requires use of contingency or reserves
☒ Action is within the Business Plan
☐ Action requires a change to the Business Plan
☐ Other financial impact

_____ Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

- Neighborhood Notification: N/A
- City Goals – A safe place to call home, One Minneapolis, Connected communities, Enriched Environment, Premier destination;
- Sustainability Targets – Economically vibrant neighborhood commercial districts create attractive urban neighborhoods for infill development, support efficient growth, and reduce the need for car travel to obtain necessary goods and services;
- Comprehensive Plan - 4.1 Minneapolis will encourage reinvestment along major urban corridors as a way of promoting growth in all neighborhoods, and 4.3 Minneapolis will support development in Commercial Corridors where it enhances the street's character, improves its ability to accommodate automobile traffic and foster pedestrian movement, and expands the range of goods and services offered;
- Zoning Code – N/A
- Living Wage/Business Subsidy Agreement Yes_____ No__ X__
- Job Linkage Yes_____ No__ X__
- Other

Supporting Information

The Northeast Community Development Corporation (NECDC) has requested City support for its Central Avenue business assistance program focused on revitalizing the main street of Northeast Minneapolis. The City contribution over two years would be \$50,000 using Legacy funds allocated to the Community Economic Development Fund Program (CEDF). These funds would leverage an equal sum and technical assistance from the Local Initiatives Support Corporation (LISC), and \$30,000 from the Minneapolis Consortium of Community Developers (MCCD) as well as training and mentoring through its Microenterprise Careership Program. NECDC also has commitments of funding from other sources for work on Central Avenue, totaling \$18,000 for 2007. Therefore, \$50,000 over two years invested by the City for this contract for service would leverage \$98,000 in private and foundation funding for commercial corridor revitalization work on Central Avenue. The contract would be with LISC.

NECDC was founded in 2002 in part to bring together resident and business interests along Central Avenue. NECDC ran the Central Avenue Mainstreet Program (CAMP), jointly funded by the City of Minneapolis and LISC from 2000 to 2005, to stabilize and revitalize Central Avenue. The CAMP program provides a foundation for continued NECDC work with Central Avenue businesses to create a Northeast main street that meets the local shopping needs of residents, captures a larger proportion of the pass-through traffic, and capitalizes on the Avenue's regional draw businesses. A 2004 evaluation report of CAMP commissioned by LISC notes that Central Avenue business owners report that the CAMP program created a stronger connection among businesses, improved safety and improved the appearance of the neighborhood.

In 2006, the City Council approved a continuation of this partnership with LISC, jointly funding a retail recruitment effort on Central Avenue. That work is ongoing. NECDC has hired a retail consultant to assist Executive Director John Vaughn in developing recruiting strategies and making pitches.

Under this new contract through LISC, NECDC would hire a staff person to provide technical assistance to Central Avenue businesses, sustaining the relationships developed with businesses and property owners over the past several years. The staff person would also

oversee a number of Central Avenue physical improvement initiatives including a graffiti removal program, "Weed It and Reap" community clean up days and the planned replacement of the Central Avenue banners. This contract would allow NECDC to continue its focus on building relationships along and improving the physical environment of Central Avenue. It would also expand the capacity of the organization to provide business technical assistance, as the organization simultaneously moves into real estate development at a number of sites on and around Central Avenue.

In the past, NECDC has tapped MCCD staff and consultants to provide business technical assistance and loan packaging services to Central Avenue businesses. High business turnover on the avenue and few small business loans granted in the past few years suggest that businesses would benefit from professional guidance in financing, marketing, accounting and loan packaging. MCCD staff are no longer able to provide direct business technical assistance. However, through MCC's Microenterprise Careership Program they are providing mentoring, training and funding for nascent community developers in these skills, building the capacity of member CDCs.

The initial funding in partnership with LISC for NECDC activities on Central Avenue supported the organization in its start up phase as an important City initiative on this Council-designated priority corridor. In accordance with the original intent of creating a self-sustaining organization, the City is not continuing generalized organizational operating support. This requested funding and the 2006-2007 contract for retail recruitment, rather, are contracts for specific services for Central Avenue consistent with the types of business district support activities proposed as part of the Great Streets neighborhood business district program. Great Streets business district support contracts will generally be awarded through a competitive Request for Proposals process, with weighted consideration given to areas identified for intervention and support (Central Avenue is in the "support" category). The revised CEDF guidelines, however, allow the City flexibility to award contracts for services outside of an RFP process when opportunities arise to work with key funding partners.

In this case, the partnership proposed with LISC and MCCD will leverage \$80,000 in private and foundation monies to significantly build the capacity of NECDC and provide valuable business assistance on Central Avenue. Moreover, this contract could serve as a model for future City/MCCD partnerships for technical assistance provision through their Microenterprise Careership Program elsewhere in the City. With LISC and MCCD poised to begin work this spring with NECDC and a demonstrated need to continue Central Avenue business relationships and street enhancements as NECDC expands its role into real estate development, Business Development staff recommends moving forward with this contract for services in advance of the Great Streets RFP (expected release in June following neighborhood review).

The CPED Corridor Finance Review Team reviewed this request on March 13, 2007 and recommends approval.